

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:4210

ANSWERED ON:12.08.2002

MINIMUM SUPPORT PRICES

LAKSHMAN CHANDRA SETH; RATTAN LAL KATARIA

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether as per MSP scheme the nodal agencies are to procure the entire quantity of produce at guaranteed price as announced by the Government;
- (b) if so, whether the Government are committed to reimburse entire losses incurred by nodal agencies in MSP operation;
- (c) if so, the details of budgetary provision, losses incurred and losses reimbursed on MSP operations undertaken by nodal agencies of FCI, NAFED, JCI and CCI during 1996-97 to 2001-2002, year-wise;
- (d) whether entire losses incurred have been reimbursed as per policy;
- (e) if not, the details and reasons therefor;
- (f) the reasons for not taking MSP operations in Copra during 2000-01 and 2001-02 inspite of prices being below by 30-40% of MSP;
- (g) whether there are any other crops in which MSP operations were not undertaken inspite of prices falling below MSP; and
- (h) if not, the details and reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a): The Government announces each season the minimum support price (MSP) for major agricultural commodities and organizes purchase operations through public and cooperative agencies such as Food Corporation of India (FCI), Jute Corporation of India (JCI), Cotton Corporation of India (CCI), National Agricultural Cooperative Marketing Federation (NAFED) and Tobacco Board, besides other agencies designated by the State Governments.

In case of fall in prices below MSP levels, the designated central nodal agencies are required to buy the quantities of major agricultural commodities offered by the growers at minimum support price without any quantitative restrictions.

(b) to (e): In the case of FCI, the Government reimburses difference between the economic cost of food grains and the Central Issue Prices (CIP) in the form of consumer subsidy. In addition, the buffer carrying cost of food grains are also reimbursed to the FCI. Under the Decentralised Procurement of Food grains Scheme, the State Governments arrange to procure, store and distribute food grains under the Public Distribution System (PDS) and the cost of operations is reimbursed to the States as subsidy. The State Governments of West Bengal, Madhya Pradesh, Uttar Pradesh and Chattisgarh have so far taken up the scheme. A statement showing subsidy released to FCI and the State Governments is enclosed (Annexure -I).

Losses incurred in Price Support Operations are fully reimbursed to NAFED by the Government of India. The Government has released funds to NAFED as an 'on account basis' to meet the losses as all the final accounts of the procurement operations of Oilseeds and Pulses undertaken since 1996-97 onwards have not been received. A statement showing the budget, loss incurred and amount released to NAFED is enclosed. (Annexure-II).

A statement showing year-wise budgetary provisions, procurement, losses incurred and losses reimbursed on MSP operations from 1999-2000 to 2001-2002 for Jute Corporation of India is enclosed. (Annexure-III).

In case of CCI in the year 1999-2000 (Oct-Sept), CCI did not incur any losses on account of MSP operations. In 2000-2001 (Oct-Sept), as the prices remained above MSP, no purchase under MSP operations was undertaken by CCI. During the current year 2001-2002 (Oct-Sept), CCI has reported a loss of about Rs.100 crores on account of MSP operations, out of which Rs.25 crores has been reimbursed till date to the Corporation.

(f): NAFED has been undertaking procurement of Copra under the MSP Scheme since 2000 season onwards. It has procured copra to the extent of 2,34,845 MTs during 2000 season, 49,378 MTs in 2001 and 3900 MTs in 2002 season. NAFED will continue to procure Copra as and when price of copra goes below the MSP.

(g) & (h): The designated Central Nodal Agencies undertake purchase operations whenever the minimum support price of major agricultural commodities fall below the MSP level. Large quantities of major agricultural commodities have been procured in recent years.